

1 UNITED STATES DISTRICT COURT  
2 EASTERN DISTRICT OF MICHIGAN  
3 SOUTHERN DIVISION

4 UNITED STATES OF AMERICA,

5 Plaintiff,

6 -v-

Case No. 12-20598

7 MICHAEL WINANS, JR.,

8 Defendant./

9 **PLEA HEARING**

10 **BEFORE HON. SEAN F. COX**

11 United States District Judge  
12 257 U.S. Courthouse  
13 231 West Lafayette Boulevard  
14 Detroit, Michigan 48226

15 **(Wednesday, October 3, 2012)**

16 APPEARANCES: ABED E. HAMMOUD, ESQUIRE  
17 Appearing on behalf of the Government.

18 WILLIAM M. HATCHETT, ESQUIRE  
19 Appearing on behalf of the Defendant.

20 COURT REPORTER: MARIE METCALF, CVR, CM  
21 Federal Official Court Reporter  
22 257 U.S. Courthouse  
23 231 W. Lafayette Boulevard  
24 Detroit, Michigan 48226  
25 metcalf\_court@msn.com

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1 Detroit, Michigan

2 Wednesday, October 3, 2012

3 At about 3:16 p.m.

4 \* \* \*

5 DEPUTY COURT CLERK: The United States District Court  
6 for the Eastern District of Michigan is in session, the  
7 Honorable Sean Cox, presiding. Please be seated.

8 The Court calls case number 12-20598, United States  
9 of America versus Michael Winans, Jr.

10 Counsel, your appearances for the record, please?

11 MR. HAMMOUD: Good afternoon, Your Honor. Abed  
12 Hammoud on behalf of the United States.

13 MR. HATCHETT: William Hatchett on behalf of the  
14 defendant, Michael Winans, Your Honor.

15 THE COURT: Good afternoon, Mr. Hammoud and good  
16 afternoon, Mr. Hatchett.

17 Mr. Hatchett, it's my understanding that your client  
18 wishes to plead guilty to Count One of the information with a  
19 Rule 11; is that correct?

20 MR. HATCHETT: That is correct, Your Honor.

21 THE COURT: Sir, could you come up and come to the  
22 podium, please? And could you raise your right hand?

23 Do you affirm the testimony you're about to give will  
24 be the truth, the whole truth and nothing but the truth?

25 DEFENDANT WINANS: Yes, Your Honor.

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1           THE COURT: I'm going to ask you some questions  
2 regarding the facts of the crime with which you're charged.  
3 You must tell the truth. Any false answers can be used against  
4 you in a separate prosecution for perjury or false statement.  
5 Do you understand?

6           DEFENDANT WINANS: Yes, Your Honor.

7           THE COURT: Could you give me your full name, please?

8           DEFENDANT WINANS: Michael Winans, Jr.

9           THE COURT: And do you understand that you have a  
10 constitutional right to remain silent and not incriminate  
11 yourself?

12          DEFENDANT WINANS: Yes, Your Honor.

13          THE COURT: Do you want to give up that right now and  
14 plead guilty to Count One of the information?

15          DEFENDANT WINANS: Yes, Your Honor.

16          THE COURT: First, I'm going to ask some background  
17 questions to assure that you're competent to enter a plea at  
18 this time. How old are you?

19          DEFENDANT WINANS: Thirty years old.

20          THE COURT: How far did you go in school?

21          DEFENDANT WINANS: Pardon me?

22          THE COURT: How far did you go in school?

23          DEFENDANT WINANS: Oh, I'm sorry. Two years of  
24 college.

25          THE COURT: Okay. And let me ask you this question.

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1 Do you read, write and understand English?

2 DEFENDANT WINANS: Yes, Your Honor.

3 THE COURT: And are you now under the influence of  
4 any medication, drugs or alcoholic beverages?

5 DEFENDANT WINANS: No, Your Honor.

6 THE COURT: All right. Mr. Hatchett, do you believe  
7 that your client is capable of entering a knowing plea?

8 MR. HATCHETT: Yes, I do, Your Honor.

9 THE COURT: Mr. Hammoud, do you have any position as  
10 to whether or not the defendant's competent to enter a plea at  
11 this time?

12 MR. HAMMOUD: I believe he's competent, Your Honor.  
13 Yes.

14 THE COURT: All right. Do you have the information  
15 in front of you?

16 DEFENDANT WINANS: Yes.

17 THE COURT: Okay. In Count One of the information,  
18 you're charged under 18 U.S.C. Section 1343, with wire fraud.  
19 It alleges that from approximately -- again, Count One alleges  
20 that from approximately October 2007 through September 2008 in  
21 the Eastern District of Michigan, southern division, that you  
22 devised, schemed to defraud and to obtain money or property by  
23 means of false and fraudulent material pretenses,  
24 representations and promises. And in order to execute your  
25 scheme, you transmitted or caused to be transmitted writings,

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1 signs, signals or pictures or sounds by means of wire in  
2 interstate or foreign commerce, at all times relevant -- again,  
3 this is all in the information, you operated the Winans  
4 Foundation Trust and represented that the trust was a company  
5 investing in crude oil bonds in Saudi Arabia.

6           The information continues. You initially recruited  
7 11 individuals whom you called shareholders in the trust to  
8 invest in the crude oil bonds. You required the shareholders  
9 to solicit additional investors to incorporate businesses, to  
10 hold funds provided by the investors they solicited and to send  
11 investors' funds to the trust. Victim investors resided in the  
12 states of Michigan, Arkansas, Georgia, amongst other places.

13           As early as December 2007, you became aware that the  
14 Saudi Arabian crude oil bond did not exist as an investment  
15 vehicle, yet you did not disclose this fact to the existing  
16 investors, and with the intent to defraud, continued to solicit  
17 funds for the trust.

18           Each individual victim of your scheme to defraud  
19 invested between 1,000 and 7,000 in Saudi Arabian crude oil  
20 bonds. As a result, you obtained over \$8 million from more  
21 than 1,000 victim investors, all of whom were led to believe  
22 that they were investing in Saudi oil -- excuse me, Saudi  
23 Arabian crude oil bonds that you knew -- that you well knew did  
24 not exist.

25           You guaranteed the victim investors that the bonds

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1 would yield returns of \$1,000 to \$8,000 within 60 days. You  
2 deposited the victim investors' funds into your own accounts.  
3 You falsely explained to the victim investors that their funds  
4 had to be deposited into your account because the Saudi Arabian  
5 crude oil bonds were not being publically traded. You  
6 converted some of the victim investors' money to your own  
7 personal use.

8 In addition, in classic Ponzi scheme fashion, you  
9 gave some of your later victims' money to your earlier victims  
10 and falsely represented to them that it was the return on their  
11 investments as you had promised.

12 As part of this scheme to defraud, you also made  
13 fraudulent material representations of promises to victim  
14 investors who requested a return on their funds, lulling them  
15 with false expectations that their money was secure but  
16 temporarily unavailable.

17 In executing your scheme to defraud, you made or  
18 caused to be made interstate wire transmissions, including, but  
19 not limited to the following: You sent an email from Michigan  
20 to victim investors TH and JH in Texas which contained false  
21 and fraudulent material information as to the existence and  
22 validity of the Saudi Arabian crude oil bonds in order to  
23 induce them to invest.

24 You also deposited into your own account at J.P.  
25 Morgan Chase Bank in Michigan, an official bank check for

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1 \$39,000 drawn on the Bank of America in San Antonio, Texas,  
2 which JH and -- sorry, which TH and JH had sent to you in  
3 response to your solicitation for investors. In doing so, you  
4 caused Chase Bank in Michigan to send a signal by wire in  
5 interstate commerce to the Bank of America in Texas to  
6 facilitate the transfer of funds.

7 This charge carries with it a term of incarceration  
8 of up to 20 years in prison, as well as a fine of up to  
9 \$250,000.

10 Mr. Hammoud, did I state the charge, as well as the  
11 sentencing consequences of the charge correctly?

12 MR. HAMMOUD: That's correct, Your Honor. There's  
13 also a forfeiture allegation part of the information, as well.

14 THE COURT: Okay. And, Mr. Hatchett, did I state the  
15 charge, as well as the sentencing consequences of the charge  
16 correctly?

17 MR. HATCHETT: Yes, Your Honor.

18 THE COURT: Mr. Winans, have you heard the charge  
19 that has been made against you?

20 DEFENDANT WINANS: Yes, Your Honor.

21 THE COURT: And have you discussed the charge, as  
22 well as sentencing consequences of this charge with your  
23 attorney, Mr. Hatchett?

24 DEFENDANT WINANS: Yes, Your Honor.

25 THE COURT: And has Mr. Hatchett answered each and



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1 every question that you've had regarding the charge, as well as  
2 the sentencing consequences of the charge?

3 DEFENDANT WINANS: Yes.

4 THE COURT: Do you have any questions at all  
5 regarding the charge or the sentencing consequences of this  
6 charge?

7 DEFENDANT WINANS: No, Your Honor.

8 THE COURT: Okay. Now, it's also my understanding  
9 that you have executed a Rule 11 Agreement, which has been  
10 marked as Exhibit One; is that correct?

11 DEFENDANT WINANS: Yes, Your Honor.

12 THE COURT: And do you have that document in front of  
13 you?

14 DEFENDANT WINANS: Yes.

15 THE COURT: Does your signature appear on that  
16 document?

17 DEFENDANT WINANS: Yes, Your Honor.

18 THE COURT: At what page?

19 DEFENDANT WINANS: It's on page 16.

20 THE COURT: All right. Before you signed that  
21 document, did you read the document, as well as the attached  
22 worksheets?

23 DEFENDANT WINANS: Yes, Your Honor.

24 THE COURT: And before you signed that document, did  
25 you review and discuss the document as well as the attached

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1 worksheets with Mr. Hatchett?

2 DEFENDANT WINANS: Yes, Your Honor.

3 THE COURT: Okay. And before you signed that  
4 document, did Mr. Hatchett answer each and every question that  
5 you had regarding the Rule 11 Agreement, as well as the  
6 attached worksheets?

7 DEFENDANT WINANS: Yes, Your Honor.

8 THE COURT: And do you have any questions at all  
9 regarding anything contained in the Rule 11 Agreement, as well  
10 as the attached worksheets?

11 DEFENDANT WINANS: No, Your Honor.

12 THE COURT: And has Mr. Hatchett answered each and  
13 every question that you've had regarding your case?

14 DEFENDANT WINANS: Yes, Your Honor.

15 THE COURT: And are you satisfied with the advice and  
16 service that Mr. Hatchett has provided to you in your case?

17 DEFENDANT WINANS: Yes, Your Honor.

18 THE COURT: Do you understand that if your guilty  
19 plea is accepted, you will be deprived of valuable civil  
20 rights, the right to vote, hold office, serve on a jury,  
21 possess or be around firearms?

22 DEFENDANT WINANS: Yes, Your Honor.

23 THE COURT: Do you understand if I accept your plea  
24 of guilty, you give up many important constitutional rights? I  
25 will go over some of the most important to make sure you

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1 understand what you're giving up.

2 Do you understand you have the right to plead not  
3 guilty?

4 DEFENDANT WINANS: Yes, Your Honor.

5 THE COURT: Do you understand you have the right to a  
6 trial before the Court, which is me, the Judge, or a jury? Do  
7 you understand that?

8 DEFENDANT WINANS: Yes, Your Honor.

9 THE COURT: And do you understand at trial you're  
10 presumed to be innocent and the government would have to prove  
11 your guilt beyond a reasonable doubt? Do you understand that?

12 DEFENDANT WINANS: Yes.

13 THE COURT: Do you understand you have the right to  
14 question the witnesses who appear against you, either you  
15 yourself or through your attorney?

16 DEFENDANT WINANS: Yes, Your Honor.

17 THE COURT: And do you understand you have the right  
18 to have this Court order any witnesses you have for your  
19 defense to appear at trial? Do you understand that?

20 DEFENDANT WINANS: Yes, I do.

21 THE COURT: Do you understand that you have the right  
22 to remain silent during your trial and not have your silence  
23 used against you?

24 DEFENDANT WINANS: Yes, Your Honor.

25 THE COURT: Or to testify at your trial if you wish

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1 to. Do you understand that?

2 DEFENDANT WINANS: Yes, I do.

3 THE COURT: And again, understanding these rights, do  
4 you want to give them up and plead guilty to Count One of the  
5 information?

6 DEFENDANT WINANS: Yes, Your Honor.

7 THE COURT: Now, is your willingness to plead guilty  
8 the result of a Rule 11 Plea Agreement that came about after  
9 discussions between the government attorney, Mr. Hammoud, your  
10 attorney, Mr. Hatchett, and yourself?

11 DEFENDANT WINANS: Yes, Your Honor.

12 THE COURT: And again, do you have Exhibit One in  
13 front of you?

14 DEFENDANT WINANS: Yes.

15 THE COURT: And could you please turn to page two,  
16 paragraph c(1), under "factual basis for guilty plea"? Do you  
17 see that paragraph?

18 DEFENDANT WINANS: Yes.

19 THE COURT: It reads,

20 "From approximately October 2007 through September  
21 2008 in the Eastern District of Michigan, southern  
22 division, that you devised a scheme to defraud and  
23 to obtain money or property by means of false and  
24 fraudulent material pretenses, representations and  
25 promises. And in order to execute your scheme,

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1           you transmitted or caused to be transmitted  
2           writings, signs, signals, pictures or sounds by  
3           means of wire in interstate or foreign commerce,  
4           that all times relevant in the information, you  
5           operated the Winans Foundation Trust and  
6           represented that the trust was a company investing  
7           in crude oil bonds in Saudi Arabia.

8           You initially recruited 11 individuals whom  
9           you called shareholders in the trust, to invest in  
10          the crude oil bonds, you required the shareholders  
11          to solicit additional investors to incorporate  
12          businesses to hold the funds provided by the  
13          investors they solicited and to send the investors  
14          funds to the trust. Victim investors resided in  
15          the states of Michigan, Arizona and Georgia,  
16          amongst other places.

17          As early as December 2007, you became aware  
18          that the Saudi Arabian crude oil bond did not  
19          exist as an investment vehicle, yet you did not  
20          disclose this fact to the existing investors, and  
21          with the intent to defraud, continued to solicit  
22          funds for the trust.

23          Each individual victim of your scheme to  
24          defraud invested between \$1,000 and \$7,000 in  
25          Saudi Arabian crude oil bonds. As a result, you

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1           obtained over \$8 million from more than 1,000  
2           victim investors, all of whom were led to believe  
3           that they were investing in Saudi Arabian crude  
4           oil bonds that you well knew did not exist. You  
5           guaranteed the victim investors that the bonds  
6           would return -- would yield returns of \$1,000 to  
7           \$8,000 within 60 days.

8           You deposited the victim investors' funds  
9           into your own bank accounts. You falsely  
10          explained to the victim investors that their funds  
11          had to be deposited into your account because the  
12          Saudi Arabian crude oil bonds were not being  
13          publically traded. You converted some of the  
14          victim investors' money into your own personal  
15          use.

16          In addition, in classic Ponzi scheme fashion,  
17          you gave some of your later money -- excuse me,  
18          some of the later victims' money to earlier  
19          victims and falsely represented to them that it  
20          was the return on their investments that you had  
21          promised.

22          As a result of your scheme to defraud, you  
23          also made fraudulent material representations or  
24          promises to victim investors who requested a  
25          return on their funds, lulling them with false

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1 explanations that their money was secure, but  
2 temporarily unavailable.

3 In executing your scheme to defraud, you made  
4 or caused to be made interstate wire transactions,  
5 including, but not limited to the following: You  
6 sent an email from Michigan to victim investors TH  
7 and JH in Texas which contained false and  
8 fraudulent material information as to the  
9 existence and ability of the Saudi Arabian crude  
10 oil bonds in order to induce them to invest.

11 You also deposited into your own account at  
12 J.P. Morgan Chase Bank in Michigan in -- a bank  
13 check for \$39,000 drawn on the Bank of America in  
14 San Antonio, Texas, which TH and JH had sent you  
15 in response to your solicitation for investors.  
16 In doing so, you caused Chase Bank in Michigan to  
17 send a signal by wire in interstate commerce to  
18 Bank of America in Texas to facilitate the  
19 transfer of funds."

20 Sir, did you hear what I just read to you?

21 DEFENDANT WINANS: Yes, Your Honor.

22 THE COURT: Was everything that I just read to you  
23 true and accurate?

24 DEFENDANT WINANS: Yes, Your Honor.

25 THE COURT: Now, we're now on page five. Could you

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1 drop down to paragraph 2(b) on page five, which is entitled  
2 "Agreed Guideline Range"? Do you see that?

3 DEFENDANT WINANS: Yes.

4 THE COURT: Do you see in the second sentence where  
5 it reads your guideline range is 151 to 188 months in prison?  
6 Do you see that?

7 DEFENDANT WINANS: Yes.

8 THE COURT: Now, of course the guidelines are  
9 advisory. However, has Mr. Hatchett explained to you the  
10 significance of guidelines in sentencing?

11 DEFENDANT WINANS: Yes, Your Honor.

12 THE COURT: Okay. Now, could you please turn to page  
13 ten, paragraph two, which is entitled, "Government's Authority  
14 Regarding Substantial Assistance Determination?" Do you see  
15 that paragraph?

16 DEFENDANT WINANS: Yes.

17 THE COURT: And then do you see the paragraph  
18 entitled, "Downward Departure," on the next page, page 11?

19 DEFENDANT WINANS: Yes, Your Honor.

20 THE COURT: Now, the government may bring a 5K motion  
21 at the time of sentencing, as I understand from reading the  
22 Rule 11 Agreement.

23 Is that correct, Mr. Hammoud?

24 MR. HAMMOUD: There are other provisions, Your Honor,  
25 that -- previous to this paragraph, that provide for some sort



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1 of cooperation. If that cooperation takes place and if it  
2 brings fruition that falls within the definitions of the 5K, we  
3 may then consider that. So at this point there is nothing  
4 there that leads me to believe there will be a 5K, but it's in  
5 there, the provision is in there. If the facts and the  
6 developments warrant it, we will consider it. But I want to  
7 make sure the defendant understands it's totally our  
8 discussion.

9 THE COURT: Did you understand what Mr. Hammoud just  
10 said?

11 DEFENDANT WINANS: Yes, Your Honor.

12 THE COURT: And you've discussed it, the 5K motion,  
13 the downward departure, the issue of substantial assistance  
14 with Mr. Hatchett, before you signed the Rule 11?

15 DEFENDANT WINANS: Yes, Your Honor.

16 THE COURT: Okay. Now, the government may or may not  
17 bring such a motion. Do you understand that?

18 DEFENDANT WINANS: Yes.

19 THE COURT: Okay. And it's up to the government to  
20 determine whether or not you have provided the government  
21 substantial assistance?

22 DEFENDANT WINANS: Yes.

23 THE COURT: Do you understand that?

24 DEFENDANT WINANS: Yes, Your Honor.

25 THE COURT: And do you understand that if the

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1 government feels that you've provided substantial assistance,  
2 that you've cooperated, they may make a motion and they may  
3 make a recommendation regarding a certain departure from the  
4 guidelines or the mandatory -- there's no mandatory minimum,  
5 right?

6 MR. HAMMOUD: No, Your Honor.

7 MR. HATCHETT: No, Your Honor.

8 THE COURT: Okay. So they might make a request for a  
9 departure from the bottom of the guidelines or the guidelines.  
10 Do you understand that?

11 DEFENDANT WINANS: Yes, Your Honor.

12 THE COURT: Okay. And have you discussed that issue  
13 with Mr. Hatchett?

14 DEFENDANT WINANS: Yes, Your Honor.

15 THE COURT: Now, even if the government makes such a  
16 motion, I don't have to grant it. Do you understand that?

17 DEFENDANT WINANS: Okay.

18 THE COURT: I'm under no obligation to grant it.

19 DEFENDANT WINANS: Right. Okay, yes, Your Honor.

20 THE COURT: And the amount of any departure, if I  
21 decided that a departure was warranted, would be up to me; do  
22 you understand that?

23 DEFENDANT WINANS: Yes, Your Honor.

24 THE COURT: Mr. Hatchett, did you review that and  
25 discuss that issue with your client?

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1 MR. HATCHETT: Yes, I did, Your Honor.

2 THE COURT: Okay. Mr. Winans, do you have any  
3 questions at all regarding what we just discussed or what I've  
4 just said?

5 DEFENDANT WINANS: No, Your Honor.

6 THE COURT: Okay. Now, could you please turn to page  
7 13, paragraph seven, which is entitled, "Waiver of Appeal"? Do  
8 you see that paragraph?

9 DEFENDANT WINANS: Yes.

10 THE COURT: All right. It reads,  
11 "Defendant, being you, waives any right he may  
12 have to appeal his conviction if the sentence  
13 imposed does not exceed the maximum allowed by  
14 part three of this agreement.

15 Defendant, being you, also waives any right  
16 he may have to appeal his sentence if the sentence  
17 imposed is within the guideline range as  
18 determined by paragraph 2(b).

19 The government agrees not to appeal the  
20 sentence, but retains its right to appeal any  
21 sentence below that range."

22 Sir, did you hear what I just read to you?

23 DEFENDANT WINANS: Yes, Your Honor.

24 THE COURT: Any questions?

25 DEFENDANT WINANS: No, Your Honor.

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1 THE COURT: And again, do you have any questions at  
2 all regarding anything contained in the Rule 11 Agreement, as  
3 well the attached worksheets?

4 DEFENDANT WINANS: No, Your Honor.

5 THE COURT: All right. Mr. Hatchett, is there  
6 anything that you wish to put on the record regarding the Rule  
7 11 provisions?

8 MR. HATCHETT: Yes, Your Honor. I would like to voir  
9 dire my client just briefly with respect to the issue of wire  
10 fraud so he understands exactly what it entails.

11 Mr. Winans, you understand that the charge that  
12 you're pleading guilty to is one of fraud, where you induced  
13 people to send you money by means of false representations; is  
14 that correct?

15 DEFENDANT WINANS: Yes.

16 MR. HATCHETT: And do you understand that under the  
17 terms and conditions of the Rule 11 Plea Agreement you  
18 acknowledge that you did receive these funds?

19 DEFENDANT WINANS: Yes.

20 MR. HATCHETT: I have no further questions, Your  
21 Honor.

22 THE COURT: Okay. Mr. Hammoud, is there anything  
23 that you wish to put on the record regarding the Rule 11  
24 provisions?

25 MR. HAMMOUD: No, Your Honor.

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1           THE COURT: Okay. Now, Mr. Winans, apart from what  
2 is contained in the Rule 11 Agreement, which we just reviewed,  
3 have you been promised by this Court, which is me, the Judge,  
4 the attorney for the government, Mr. Hammoud, or your attorney,  
5 Mr. Hatchett, that you will be placed on probation or receive  
6 any specific sentence in return for pleading guilty to Count  
7 One of the information?

8           DEFENDANT WINANS: Could you repeat that? I'm sorry.

9           THE COURT: Sure. Apart from what is contained in  
10 the Rule 11 Agreement, which we just reviewed, have you been  
11 promised by the Court, which is me, the Judge, or the attorney  
12 for the government, Mr. Hammoud, or your attorney, Mr.  
13 Hatchett, that you will be placed on probation or receive any  
14 specific sentence in return for pleading guilty to Count One?

15          DEFENDANT WINANS: No, Your Honor.

16          THE COURT: Are you now -- Mr. Hammoud, do you --

17          MR. HAMMOUD: I'm sorry, Your Honor. When the Court  
18 gave me a chance to talk about the Rule 11, I forgot to mention  
19 page seven does have the restitution agreement that would be  
20 ordered by the Court after it's been determined. It's right  
21 now not determined, per se, but it's going to be in the range  
22 that we talked about, the losses, and we're going to provide  
23 the Court and probation with as much information as we can to  
24 determine, but the defendant has to understand he has to pay --  
25 and he will have a chance to look at what we're proposing to

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1 the Court.

2 THE COURT: Sir, you understand you're going to have  
3 to pay restitution to the victims?

4 DEFENDANT WINANS: Yes, Your Honor.

5 THE COURT: Is that agreeable to you?

6 DEFENDANT WINANS: Yes, Your Honor.

7 THE COURT: All right.

8 MR. HATCHETT: Your Honor, may we have just a  
9 conference at sidebar, just one issue we discussed in chambers?

10 THE COURT: Sure.

11 (Sidebar conference held off the record)

12 THE COURT: Okay. Mr. Winans, are you now on  
13 probation or parole in another matter?

14 DEFENDANT WINANS: No, Your Honor.

15 THE COURT: Has anyone tried to force you to plead  
16 guilty to Count One by any mistreatment or pressure?

17 DEFENDANT WINANS: No, Your Honor.

18 THE COURT: Are you pleading guilty freely and  
19 voluntarily to Count One because you are guilty and it is your  
20 choice to plead guilty to Count One?

21 DEFENDANT WINANS: Yes, Your Honor.

22 THE COURT: Mr. Winans, could you tell me what it is  
23 that you did which makes you believe you're guilty under Count  
24 One of wire fraud?

25 DEFENDANT WINANS: Made false representations that

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1 caused others to send me wires, wire money.

2 THE COURT: Okay. From apparently October 2007  
3 through September 2008, you engaged in certain conduct?

4 DEFENDANT WINANS: Pardon me?

5 THE COURT: You engaged in certain conduct, correct?

6 DEFENDANT WINANS: Correct.

7 THE COURT: Okay. Tell me what you did.

8 DEFENDANT WINANS: I was in -- I want to say in  
9 business with a gentleman by the name of Tim Hunt. And Tim  
10 Hunt had an investment that he presented to me and told me  
11 that, you know, it was going to yield certain amounts of money  
12 and I could bring people into the investment.

13 And so I immediately did so. Tim Hunt was someone  
14 that was a recommendation of a friend that I had had in years  
15 past. I brought people into the investment under the notion  
16 that it was a Saudi Arabian crude oil bond.

17 THE COURT: Okay. Again, what was the investment?

18 DEFENDANT WINANS: It was investing in crude oil  
19 bonds.

20 THE COURT: Okay.

21 DEFENDANT WINANS: So that was around middle to the  
22 end of October of 2007.

23 THE COURT: Okay, continue.

24 DEFENDANT WINANS: So I began to bring people into  
25 the investment. And toward the end of December, I was told by

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1 this Timothy Hunt that the investment was over.

2 At that time there were monies that he had owed back  
3 to me to give to investors. There was money that I had on hand  
4 for people who wanted to get into the investment. And so, you  
5 know, I was in a sticky situation. So I'm like, "Well, what do  
6 you mean that the investment is over?"

7 He said, "It's over, you know, money has been lost  
8 and --" and so after that took place, I did not disclose to  
9 investors that the investment was over and so I began to try to  
10 find other ways --

11 THE COURT: When you say, "the investment was over,"  
12 do you mean that this investment did not exist?

13 DEFENDANT WINANS: Pardon me?

14 THE COURT: When you say, "the investment was over,"  
15 do you mean to tell me that this investment in, as I understand  
16 crude oil bonds in Saudi Arabia, did not exist?

17 DEFENDANT WINANS: I was made --

18 THE COURT: There was no such -- that you were  
19 advised that there was no such investment?

20 DEFENDANT WINANS: I was advised that the investment  
21 was over.

22 MR. HATCHETT: May we have just one second, Your  
23 Honor?

24 THE COURT: Sure, okay.

25 (Discussion off record)



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1           DEFENDANT WINANS: I was aware that the investment  
2 was not a real investment and I continued to take funds.

3           THE COURT: Okay. Did you make certain statements to  
4 investors subsequently?

5           DEFENDANT WINANS: Yes, I did.

6           THE COURT: Okay. And what statements did you make  
7 to investors subsequent to the time that you found out that  
8 this was not a real investment?

9           DEFENDANT WINANS: I did not tell them that it was  
10 not a real investment. I just continued to receive funds under  
11 the prior notion that it was a solid investment, a real  
12 investment.

13           THE COURT: Well, were there additional investors  
14 after you were advised --

15           DEFENDANT WINANS: Yes.

16           THE COURT: -- that this investment did not exist?

17           DEFENDANT WINANS: Yes, Your Honor. Yes.

18           THE COURT: Okay. And did you make certain  
19 materially false or fraudulent statements to these individuals  
20 or representations?

21           DEFENDANT WINANS: Yes, Your Honor.

22           THE COURT: And what did you say?

23           DEFENDANT WINANS: That that was an investment --  
24 that this investment still did exist and that they could  
25 participate in the investment.

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1 THE COURT: And did you know that the statements you  
2 were making were not true?

3 DEFENDANT WINANS: I did, yes.

4 THE COURT: And when you made these statements did  
5 you intend to deceive or cheat these investors?

6 DEFENDANT WINANS: It wasn't my intention to do so,  
7 but in not telling the truth and covering up, yes, I did.

8 THE COURT: So was it your intent -- so did you  
9 knowingly deceive these investors?

10 DEFENDANT WINANS: Yes.

11 THE COURT: And did you tell them that this was a  
12 viable investment when you knew that it did not exist?

13 DEFENDANT WINANS: Yes, Your Honor.

14 THE COURT: And how did you communicate with these  
15 investors, these investors that you told that there was a  
16 viable investment that you knew did, in fact, not exist? How  
17 did you communicate with these individuals?

18 DEFENDANT WINANS: You mean, like in what way or what  
19 did I say?

20 THE COURT: Well, how did you communicate?

21 DEFENDANT WINANS: It was through the shareholders  
22 that were a part of the investment.

23 THE COURT: Well, did you use a certain means of  
24 communication that involved certain interstate communication?

25 DEFENDANT WINANS: Wire transfers, yes.

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1 THE COURT: Okay. So you used wire transfers. Tell  
2 me about that, tell me about these wire transfers.

3 DEFENDANT WINANS: There were some investors who  
4 wired money, and other monies that were wired to them as well.

5 THE COURT: Okay. And were there monies that were  
6 wired to you from other states?

7 DEFENDANT WINANS: Yes, Your Honor.

8 THE COURT: And when you made these statements to  
9 individuals regarding this investment in Saudi crude bonds,  
10 crude oil bonds that you knew did not exist, where were you  
11 located?

12 DEFENDANT WINANS: In Michigan.

13 THE COURT: In what part of Michigan?

14 DEFENDANT WINANS: In West Bloomfield, Michigan.

15 THE COURT: Okay. And were these investors located  
16 outside the State of Michigan?

17 DEFENDANT WINANS: There were some that were.

18 THE COURT: Okay. In fact one in Texas? Is that  
19 what I understand from what you told me earlier?

20 DEFENDANT WINANS: Yes.

21 THE COURT: Mr. Hammoud, are you satisfied with the  
22 factual basis as to Count One of the information?

23 MR. HAMMOUD: Yes, Your Honor, we're satisfied.

24 THE COURT: Mr. Hatchett, are you satisfied with the  
25 factual basis as to Count One of the information?

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1 MR. HATCHETT: Yes, Your Honor.

2 THE COURT: Now, again, Mr. Winans, is it your  
3 decision, your choice, to plead guilty to Count One?

4 DEFENDANT WINANS: Yes, Your Honor.

5 THE COURT: Is this what you want to do?

6 DEFENDANT WINANS: Yes, Your Honor.

7 THE COURT: The Court finds that Mr. Winans' plea has  
8 been made knowingly, freely and voluntarily and the elements of  
9 the offense of wire fraud under Count One of the information  
10 has been made out by statements here in open court.

11 The guilty plea is accepted. The Rule 11 is taken  
12 under advisement and we'll give him a sentence date of?

13 DEPUTY COURT CLERK: His sentencing date is February  
14 27th at two p.m.

15 THE COURT: Okay. Any other issues, Mr. Hammoud?

16 MR. HAMMOUD: Your Honor, earlier today the defendant  
17 was arraigned downstairs and placed on personal bond. And he's  
18 allowed to be supervised in the State of Maryland. I would ask  
19 the Court if it's possible, considering the extent of the  
20 guidelines the defendant is facing the potential of several  
21 years in prison and that's his first felony that we know of,  
22 and that he's new, to so speak, to the felony world and to the  
23 prison world, potentially, if the Court may order as a  
24 condition of that bond, additionally, a psychological  
25 evaluation to ensure his well-being while he's awaiting his

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1 sentence, that everything is fine?

2 THE COURT: Mr. Hatchett, any objection?

3 MR. HATCHETT: I have no objection, Your Honor.

4 THE COURT: All right. I will order that.

5 MR. HATCHETT: Very well.

6 THE COURT: Okay. Any other issues, Mr. Hatchett?

7 MR. HATCHETT: None at this time, Your Honor.

8 THE COURT: Mr. Hammoud?

9 MR. HAMMOUD: Nothing, Your Honor.

10 THE COURT: All right, thank you.

11 MR. HAMMOUD: Thank you.

12 DEPUTY COURT CLERK: All rise.

13 (Court in recess at 3:47 p.m.)

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**C E R T I F I C A T I O N**

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I, Marie J. Metcalf, Official Court Reporter for the  
United States District Court, Eastern District of Michigan,  
Southern Division, appointed pursuant to the provisions of  
Title 28, United States Code, Section 753, do hereby certify  
that the foregoing is a correct transcript of the proceedings  
in the above-entitled cause on the date hereinbefore set forth.

I do further certify that the foregoing transcript  
has been prepared by me or under my direction.

s\Marie J. Metcalf 04-29-13

Marie J. Metcalf, CVR, CM (Date)